

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

| | | | |
|---|--------------------------------|--|-------------------|
| Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other | | Local Government Name RIGA TOWNSHIP | County LENAWEE |
| Audit Date MARCH 31, 2004 | Opinion Date APRIL 21, 2004 | Date Accountant Report Submitted to State: MAY 14, 2004 | |

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

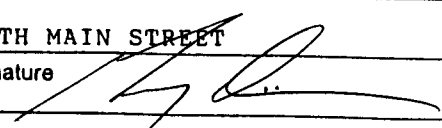
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

| | Enclosed | To Be Forwarded | Not Required |
|---|----------|-----------------|--------------|
| The letter of comments and recommendations. | X | | |
| Reports on individual federal financial assistance programs (program audits). | | | X |
| Single Audit Reports (ASLGU). | | | X |

| | | | |
|---|----------------|-------------|--------------|
| Certified Public Accountant (Firm Name) ROBERTSON, EATON & OWEN, P.C. | | | |
| Street Address 121 NORTH MAIN STREET | City ADRIAN | State MI | ZIP 49221 |
| Accountant Signature  | | | |

**RIGA TOWNSHIP
LENAWEE COUNTY, MICHIGAN**

FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2004

**WITH
INDEPENDENT AUDITORS' REPORT**

**RIGA TOWNSHIP
LENAWEE COUNTY, MICHIGAN**

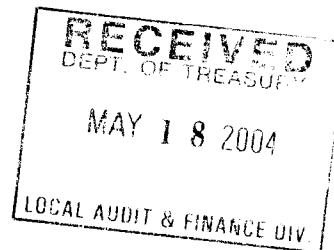
INDEPENDENT AUDITORS' REPORT

TABLE OF CONTENTS

| GENERAL PURPOSE FINANCIAL STATEMENTS | PAGE NUMBER |
|--|--------------------|
| Unqualified Opinion on General Purpose Financial Statements - Independent Auditors' Report | 1 - 2 |
| Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of General Purpose Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> - Independent Auditors' Report | 3 - 4 |
| Combined Balance Sheet - All Fund Types and Account Group | 5 - 6 |
| Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types | 7 - 8 |
| Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (GAAP Basis) and Actual - General and Special Revenue Funds | 9 - 10 |
| Combined Statement of Revenues, Expenses and Changes in Retained Earnings/Contributed Capital - Enterprise Funds | 11 - 12 |
| Combined Statement of Cash Flows - Enterprise Funds | 13 - 14 |
| Notes to Financial Statements | 15 - 23 |
| SUPPLEMENTARY INFORMATION | |
| All Special Revenue Funds | |
| Combining Balance Sheet | 24 - 25 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances | 26 - 27 |
| All Enterprise Funds | |
| Combining Balance Sheet | 28 - 29 |
| Current Tax Collection Fund | |
| Statement of Changes in Assets and Liabilities | 30 |
| General Fund | |
| Statement of Expenditures - Actual | 31 - 32 |

April 21, 2004

Township Board
Riga Township
Lenawee County, Michigan



This letter discusses the upcoming conversion of the Township's financial statements to meet the reporting requirements under Governmental Accounting Standards Board (GASB) Pronouncement 34.

For the year ending March 31, 2005, Riga Township will need to meet the following requirements:

1. On a full accrual financial statement, the Township will report all fixed assets owned by the Township. This would include all land, buildings, equipment, and any other possible assets owned by the Township.

Related depreciation expense will also have to be determined.

2. Any long-term general obligation debt or long-term liabilities would be reported. The Township currently has no long-term general obligation debt or liability. The debt obligations for the water and sewer system are already on the books.
3. The Township will be providing a Management's Discussion and Analysis (MD&A) letter. This letter will discuss the financial figures in the audit report and provide information on future financial activity.

We will work with the Township Clerk and other Township officials on the above requirements. The fixed assets, for the most part, can be obtained from general fixed asset records or insurance evaluations. And, we will assist in the preparation of the MD&A letter.

If you have any questions on GASB Statement No. 34 and the financial reporting by the Township on next year's audit report, give me a call.

Sincerely,

ROBERTSON, EATON & OWEN, P.C.

A handwritten signature in black ink, appearing to be "Gary Owen", written over a horizontal line.

Gary Owen

April 21, 2004

UNQUALIFIED OPINION ON GENERAL PURPOSE FINANCIAL STATEMENTS
INDEPENDENT AUDITORS' REPORT

Riga Township
Lenawee County, Michigan

We have audited the accompanying general purpose financial statements of Riga Township, Lenawee County, Michigan as of and for the year ended March 31, 2004, as listed in the table of contents. These general purpose financial statements are the responsibility of Riga Township, Lenawee County, Michigan's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Riga Township, Lenawee County, Michigan as of March 31, 2004, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

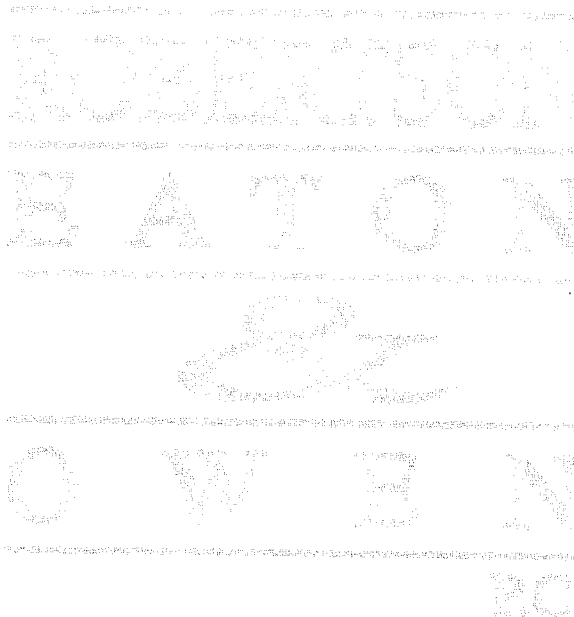
In accordance with *Government Auditing Standards*, we have also issued our report dated April 21, 2004 on our consideration of Riga Township, Lenawee County, Michigan's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

April 21, 2004

Riga Township
Lenawee County, Michigan

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and account group financial statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of Riga Township, Lenawee County, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

Robertson, Eaton & Owen, P.C.



April 21, 2004

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

INDEPENDENT AUDITORS' REPORT

Riga Township
Lenawee County, Michigan

We have audited the general purpose financial statements of Riga Township, Lenawee County, Michigan as of and for the year ended March 31, 2004, and have issued our report thereon dated April 21, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

COMPLIANCE

As part of obtaining reasonable assurance about whether Riga Township, Lenawee County, Michigan's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered Riga Township, Lenawee County, Michigan's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

April 21, 2004

Riga Township
Lenawee County, Michigan

This report is intended solely for the information and use of the management of Riga Township, Lenawee County, Michigan, and Departments of the State of Michigan and is not intended to be and should not be used by anyone other than these specified parties.

Robertson, Eaton & Owen, P.C.

ROBERTSON
EATON
&
OWEN
PC

**RIGA TOWNSHIP
LENAWEE COUNTY, MICHIGAN**

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUP

**March 31, 2004
With Comparative Totals for March 31, 2003**

| <u>ASSETS</u> | <u>GOVERNMENTAL FUND TYPES</u> | | <u>PROPRIETARY FUND TYPE</u> |
|---|--------------------------------|--------------------------|----------------------------------|
| | <u>General</u> | <u>Special Revenue</u> | <u>Enterprise</u> |
| Cash | \$ 315,105 | \$ 178,094 | \$ 31,208 |
| Accounts receivable | | | 8,770 |
| Taxes receivable | 1,749 | 7,249 | |
| Due from other funds | 21,396 | 2,464 | 3,300 |
| Restricted assets: | | | |
| Cash – bond and interest redemption | | | 32,647 |
| Cash – bond reserve | | | 46,400 |
| Land and building | | | |
| Fire vehicles and equipment | | | |
| Other equipment | | | |
| Water system | | | 1,346,107 |
| Equipment | | | 10,000 |
| Sewer system | | | 2,008,873 |
| Pump stations | | | 192,800 |
| Accumulated depreciation | | | (135,437) |
| Total assets | <u>\$ 338,250</u> | <u>\$ 187,807</u> | <u>\$ 3,544,668</u> |
| <u>LIABILITIES AND FUND EQUITY</u> | | | |
| Liabilities: | | | |
| Accounts payable | \$ 4,663 | \$ 6,251 | \$ 250 |
| Payroll liabilities | 1,341 | | |
| Deferred revenue | | | |
| Due to other funds | 2,464 | | 23,826 |
| Due to other taxing units | | | |
| Bonds payable | | | 1,702,000 |
| Total liabilities | <u>8,468</u> | <u>6,251</u> | <u>1,726,076</u> |
| Fund equity: | | | |
| Investment in General Fixed Assets | | | |
| Contributed capital | | | 1,558,051 |
| Retained earnings: | | | |
| Restricted | | | 79,047 |
| Unrestricted | | | 181,494 |
| Fund balances: | | | |
| Unreserved: | | | |
| Undesignated | <u>329,782</u> | <u>181,556</u> | |
| Total fund equity | <u>329,782</u> | <u>181,556</u> | <u>1,818,592</u> |
| Total liabilities and fund equity | <u>\$ 338,250</u> | <u>\$ 187,807</u> | <u>\$ 3,544,668</u> |

| <u>FIDUCIARY FUND TYPE</u> | <u>ACCOUNT GROUP</u> | <u>TOTALS</u> <u>(Memorandum Only)</u> | |
|--------------------------------|-----------------------------|---|---------------------|
| | | <u>2004</u> | <u>2003</u> |
| <u>Trust and Agency</u> | <u>General Fixed Assets</u> | | |
| \$ 2,627 | \$ | \$ 527,034 | \$ 583,322 |
| | | 8,770 | 7,077 |
| | | 8,998 | 7,181 |
| | | 27,160 | 22,957 |
| | | 32,647 | 28,436 |
| | | 46,400 | 34,800 |
| | 380,021 | 380,021 | 380,021 |
| | 588,185 | 588,185 | 584,233 |
| | 385,796 | 385,796 | 385,796 |
| | | 1,346,107 | 1,346,107 |
| | | 10,000 | 10,000 |
| | | 2,008,873 | 2,008,873 |
| | | 192,800 | 192,800 |
| | | (135,437) | (96,734) |
| <u>\$ 2,627</u> | <u>\$ 1,354,002</u> | <u>\$ 5,427,354</u> | <u>\$ 5,494,869</u> |
| \$ | \$ | \$ 11,164 | \$ 6,457 |
| | | 1,341 | 1,255 |
| 870 | | 27,160 | 17,168 |
| 1,757 | | 1,757 | 22,957 |
| | | 1,702,000 | 1,733,000 |
| <u>2,627</u> | <u>-</u> | <u>1,743,422</u> | <u>1,780,837</u> |
| | 1,354,002 | 1,354,002 | 1,350,050 |
| | | 1,558,051 | 1,576,592 |
| | | 79,047 | 63,236 |
| | | 181,494 | 164,322 |
| | | 511,338 | 559,832 |
| | 1,354,002 | 3,683,932 | 3,714,032 |
| <u>\$ 2,627</u> | <u>\$ 1,354,002</u> | <u>\$ 5,427,354</u> | <u>\$ 5,494,869</u> |

**RIGA TOWNSHIP
LENAWEE COUNTY, MICHIGAN**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
ALL GOVERNMENTAL FUND TYPES**

**For the Year Ended March 31, 2004
With Comparative Totals for the Year Ended March 30, 2003**

| | <u>GOVERNMENTAL FUND TYPES</u> | |
|---|--------------------------------|------------------------|
| | <u>General</u> | <u>Special Revenue</u> |
| Revenues: | | |
| Property taxes | \$ 37,288 | \$ 154,527 |
| State revenue sharing | 104,906 | 784 |
| Charges for services: | | |
| Cemetery | 11,225 | |
| Ambulance and fire | | 28,392 |
| Hall rental | 7,091 | 10,696 |
| Bulk water | 15,276 | |
| Interest | 4,114 | 1,122 |
| Donations | | |
| Miscellaneous | 2,322 | 1,213 |
| Total revenues | <u>182,222</u> | <u>196,734</u> |
| Expenditures: | | |
| General Government: | | |
| Administration | 96,399 | |
| Building and grounds | 17,514 | |
| Inspections | | |
| Cemetery | 13,804 | 10,065 |
| Public Safety: | | |
| Liquor law enforcement | | 3,396 |
| Fire protection | | 80,636 |
| Public Works: | | |
| Highways and streets | | 160,709 |
| Parks and Recreation: | | |
| Park | 2,779 | |
| Other: | | |
| Bulk water | 15,606 | |
| Miscellaneous | 26,542 | |
| Total expenditures | <u>172,644</u> | <u>254,806</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>9,578</u> | <u>(58,072)</u> |
| Other financing sources (uses): | | |
| Operating transfers in | | 27,612 |
| Operating transfers out | (27,612) | |
| Total other financing sources (uses) | <u>(27,612)</u> | <u>27,612</u> |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | (18,034) | (30,460) |
| Fund balances – beginning of year | <u>347,816</u> | <u>212,016</u> |
| Fund balances – end of year | <u>\$ 329,782</u> | <u>\$ 181,556</u> |

| <u>TOTALS</u> | |
|-------------------|-------------------|
| (Memorandum Only) | |
| <u>2004</u> | <u>2003</u> |
| \$ 191,815 | \$ 188,954 |
| 105,690 | 114,262 |
| 11,225 | 9,525 |
| 28,392 | 31,615 |
| 17,787 | 19,548 |
| 15,276 | 10,841 |
| 5,236 | 9,091 |
| | 48,275 |
| <u>3,535</u> | <u>4,783</u> |
| <u>378,956</u> | <u>436,894</u> |
| 96,399 | 101,943 |
| 17,514 | 15,368 |
| 10,065 | 11,627 |
| 13,804 | 15,661 |
| 3,396 | 2,924 |
| 80,636 | 117,219 |
| 160,709 | 75,861 |
| 2,779 | 2,935 |
| 15,606 | 12,155 |
| <u>26,542</u> | <u>35,627</u> |
| <u>427,450</u> | <u>391,320</u> |
| <u>(48,494)</u> | <u>45,574</u> |
| 27,612 | 2,154 |
| <u>(27,612)</u> | <u>(2,154)</u> |
| - | - |
| (48,494) | 45,574 |
| <u>559,832</u> | <u>514,258</u> |
| <u>\$ 511,338</u> | <u>\$ 559,832</u> |

**RIGA TOWNSHIP
LENAWEE COUNTY, MICHIGAN**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET (GAAP BASIS) AND ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS**

**For the Year Ended March 31, 2004
With Comparative Totals for the Year Ended March 31, 2003**

| | <u>GENERAL FUND</u> | | |
|---|---------------------|-------------------|--------------------------------------|
| | <u>Budget</u> | <u>Actual</u> | <u>Variance Over (Under)</u> |
| Revenues: | | | |
| Property taxes | \$ 37,000 | \$ 37,288 | \$ 288 |
| State revenue sharing | 108,000 | 104,906 | (3,094) |
| Charges for services: | | | |
| Cemetery | 11,250 | 11,225 | (25) |
| Ambulance and fire | | | |
| Hall rental | 7,100 | 7,091 | (9) |
| Bulk water | 12,000 | 15,276 | 3,276 |
| Interest | 4,150 | 4,114 | (36) |
| Donations | | | |
| Miscellaneous | 2,500 | 2,322 | (178) |
| Total revenues | <u>182,000</u> | <u>182,222</u> | <u>222</u> |
| Expenditures: | | | |
| General Government: | | | |
| Administration | 100,000 | 96,399 | 3,601 |
| Building and grounds | 27,000 | 17,514 | 9,486 |
| Inspections | | | |
| Cemetery | 28,000 | 13,804 | 14,196 |
| Public Safety: | | | |
| Liquor law enforcement | | | |
| Fire protection | | | |
| Public Works: | | | |
| Highways and streets | | | |
| Parks and Recreation: | | | |
| Park | 11,500 | 2,779 | 8,721 |
| Other: | | | |
| Bulk water | 16,000 | 15,606 | 394 |
| Miscellaneous | 62,500 | 26,542 | 35,958 |
| Total expenditures | <u>245,000</u> | <u>172,644</u> | <u>72,356</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(63,000)</u> | <u>9,578</u> | <u>72,578</u> |
| Other financing sources (uses): | | | |
| Operating transfers in | | | |
| Operating transfers out | (50,000) | (27,612) | 22,388 |
| Total other financing sources (uses) | <u>(50,000)</u> | <u>(27,612)</u> | <u>22,388</u> |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | | (18,034) | |
| Fund balances – beginning of year | | 347,816 | |
| Fund balances – end of year | | <u>\$ 329,782</u> | |

| SPECIAL REVENUE FUNDS | | | TOTALS | |
|-----------------------|------------|-----------------------------|-------------------|----------------|
| Budget | Actual | Variance Over (Under) | (Memorandum Only) | |
| | | | 2004 Actual | 2003 Actual |
| \$ 151,000 | \$ 154,527 | \$ 3,527 | \$ 191,815 | \$ 188,954 |
| 770 | 784 | 14 | 105,690 | 114,262 |
| | | | 11,225 | 9,525 |
| 25,000 | 28,392 | 3,392 | 28,392 | 31,615 |
| 12,000 | 10,696 | (1,304) | 17,787 | 19,548 |
| | | | 15,276 | 10,841 |
| 1,500 | 1,122 | (378) | 5,236 | 9,091 |
| 5,000 | | (5,000) | | 48,275 |
| | 1,213 | 1,213 | 3,535 | 4,783 |
| 195,270 | 196,734 | 1,464 | 378,956 | 436,894 |
| | | | 96,399 | 101,943 |
| | | | 17,514 | 15,368 |
| 12,000 | 10,065 | 1,935 | 10,065 | 11,627 |
| | | | 13,804 | 15,661 |
| | | | | |
| 4,270 | 3,396 | 874 | 3,396 | 2,924 |
| 100,000 | 80,636 | 19,364 | 80,636 | 117,219 |
| | | | | |
| 170,100 | 160,709 | 9,391 | 160,709 | 75,861 |
| | | | 2,779 | 2,935 |
| | | | 15,606 | 12,155 |
| | | | 26,542 | 35,627 |
| 286,370 | 254,806 | 31,564 | 427,450 | 391,320 |
| (91,100) | (58,072) | 33,028 | (48,494) | 45,574 |
| | | | | |
| 53,500 | 27,612 | (25,888) | 27,612 | 2,154 |
| | | | (27,612) | (2,154) |
| 53,500 | 27,612 | (25,888) | - | - |
| | | | | |
| | (30,460) | | (48,494) | 45,574 |
| | 212,016 | | 559,832 | 514,258 |
| \$ 181,556 | | | \$ 511,338 | \$ 559,832 |

**RIGA TOWNSHIP
LENAWEE COUNTY, MICHIGAN**

**COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS/
CONTRIBUTED CAPITAL – ENTERPRISE FUNDS**

**For the Year Ended March 31, 2004
With Comparative Totals for the Year Ended March 31, 2003**

| | <u>ENTERPRISE FUNDS</u> | |
|--|--------------------------------|---------------------|
| | <u>Water</u> | <u>Sewer</u> |
| Operating revenues: | | |
| Water usage | \$ 62,233 | \$ |
| Sewer usage fee | | 50,502 |
| Other | <u>3,640</u> | <u></u> |
| Total operating revenues | <u>65,873</u> | <u>50,502</u> |
| Operating expenses: | | |
| Labor – Drain Commission | 7,628 | 5,488 |
| Administrative fee | 3,430 | 3,000 |
| Water treatment and testing | 835 | |
| Materials and supplies | 255 | 25 |
| Equipment maintenance | 898 | 402 |
| Utilities | 81 | 999 |
| Insurance | 274 | 274 |
| Miscellaneous | 3,598 | 325 |
| Depreciation | 13,794 | 24,909 |
| Usage charges | 45,844 | 39,430 |
| Communications | 113 | 1,529 |
| Travel | <u>1,425</u> | <u>1,533</u> |
| Total operating expenses | <u>78,175</u> | <u>77,914</u> |
| Operating loss | (12,302) | (27,412) |
| Nonoperating revenues (expenses): | | |
| Interest income | 385 | 624 |
| Hook-up fees | 29,960 | 44,070 |
| Debt revenue | 23,773 | 37,180 |
| Interest expense | <u>(30,227)</u> | <u>(51,609)</u> |
| Net income before transfers | 11,589 | 2,853 |
| Add: Transfers in | <u></u> | <u></u> |
| Net income | 11,589 | 2,853 |
| Add: Depreciation on fixed assets acquired by grants that reduced contributed capital | <u>6,368</u> | <u>12,173</u> |
| Increase in retained earnings | 17,957 | 15,026 |
| Retained earnings – beginning of year | <u>62,524</u> | <u>165,034</u> |
| Retained earnings – end of year | <u>\$ 80,481</u> | <u>\$ 180,060</u> |
| Contributed capital – beginning of year | \$ 646,799 | \$ 929,793 |
| Less: Depreciation on fixed assets acquired by grants | <u>(6,368)</u> | <u>(12,173)</u> |
| Contributed capital – end of year | <u>\$ 640,431</u> | <u>\$ 917,620</u> |

TOTALS
(Memorandum Only)

| <u>2004</u> | <u>2003</u> |
|---------------------|---------------------|
| \$ 62,233 | \$ 59,843 |
| 50,502 | 44,639 |
| <u>3,640</u> | <u>871</u> |
| <u>116,375</u> | <u>105,353</u> |
| 13,116 | 11,032 |
| 6,430 | 6,000 |
| 835 | 2,370 |
| 280 | 286 |
| 1,300 | 1,737 |
| 1,080 | 936 |
| 548 | 406 |
| 3,923 | 2,068 |
| 38,703 | 38,703 |
| 85,274 | 81,299 |
| 1,642 | 180 |
| <u>2,958</u> | <u>2,092</u> |
| <u>156,089</u> | <u>147,109</u> |
| (39,714) | (41,756) |
| 1,009 | 2,622 |
| 74,030 | 80,427 |
| 60,953 | 59,172 |
| <u>(81,836)</u> | <u>(84,212)</u> |
| 14,442 | 16,253 |
| <u> </u> | <u>684</u> |
| 14,442 | 16,937 |
| <u>18,541</u> | <u>18,690</u> |
| 32,983 | 35,627 |
| <u>227,558</u> | <u>191,931</u> |
| <u>\$ 260,541</u> | <u>\$ 227,558</u> |
| \$ 1,576,592 | \$ 1,595,282 |
| <u>(18,541)</u> | <u>(18,690)</u> |
| <u>\$ 1,558,051</u> | <u>\$ 1,576,592</u> |

**RIGA TOWNSHIP
LENAWEE COUNTY, MICHIGAN**

COMBINED STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS

**For the Year Ended March 31, 2004
With Comparative Totals for the Year Ended March 31, 2003**

INCREASE IN CASH AND CASH EQUIVALENTS

| | <u>ENTERPRISE FUNDS</u> | |
|--|--------------------------------|-------------------------|
| | <u>Water</u> | <u>Sewer</u> |
| Cash flows from operating activities: | | |
| Cash received from customers | \$ 61,777 | \$ 49,606 |
| Cash paid to suppliers and employees | <u>(64,721)</u> | <u>(49,456)</u> |
| Net cash provided by (used in) operating activities | <u>(2,944)</u> | <u>150</u> |
| Cash flows from capital and related financing activities: | | |
| Debt revenue | 23,773 | 37,180 |
| Hook-up fees | 29,960 | 44,070 |
| Repayment of principal | <u>(14,000)</u> | <u>(17,000)</u> |
| Interest payments | <u>(30,227)</u> | <u>(51,609)</u> |
| Net cash provided by capital and related financing activities | <u>9,506</u> | <u>12,641</u> |
| Cash flows from investing activities: | | |
| Transfers in/(out) | | |
| Interest income | <u>385</u> | <u>624</u> |
| Net cash provided by investing activities | <u>385</u> | <u>624</u> |
| Net increase in cash and cash equivalents | 6,947 | 13,415 |
| Cash and cash equivalents at beginning of year | <u>34,646</u> | <u>55,247</u> |
| Cash and cash equivalents at end of year | <u><u>\$ 41,593</u></u> | <u><u>\$ 68,662</u></u> |

**RECONCILIATION OF NET OPERATING LOSS TO NET CASH
PROVIDED BY (USED IN) OPERATING ACTIVITIES**

| | | |
|--|--------------------------|----------------------|
| Net operating loss | \$ (12,302) | \$ (27,412) |
| Adjustments to reconcile net operating loss to net cash provided by (used in) operating activities: | | |
| Depreciation expense | 13,794 | 24,909 |
| (Increase) decrease in: | | |
| Accounts receivable | (4,096) | (896) |
| Increase (decrease) in: | | |
| Accounts payable and other liabilities | <u>(340)</u> | <u>3,549</u> |
| Net cash provided by (used in) operating activities | <u><u>\$ (2,944)</u></u> | <u><u>\$ 150</u></u> |

TOTALS
(Memorandum Only)

| <u>2004</u> | <u>2003</u> |
|---------------------|---------------------|
| \$ 111,383 | \$ 159,913 |
| <u>(114,177)</u> | <u>(159,820)</u> |
| <u>(2,794)</u> | <u>93</u> |
| 60,953 | 59,172 |
| 74,030 | 80,427 |
| (31,000) | (49,000) |
| <u>(81,836)</u> | <u>(84,212)</u> |
| <u>22,147</u> | <u>6,387</u> |
| <u>1,009</u> | <u>684</u> |
| <u>1,009</u> | <u>2,622</u> |
| 20,362 | 3,306 |
| 89,893 | 9,786 |
| <u>89,893</u> | <u>80,107</u> |
| <u>\$ 110,255</u> | <u>\$ 89,893</u> |
| \$ (39,714) | \$ (41,756) |
| 38,703 | 38,703 |
| (4,992) | (4,612) |
| <u>3,209</u> | <u>7,758</u> |
| <u>\$ (2,794)</u> | <u>\$ 93</u> |

**RIGA TOWNSHIP
LENAWEE COUNTY, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Riga Township, Lenawee County, Michigan conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies.

A. FUND ACCOUNTING

The accounts of the Township are organized on the basis of funds and an account group, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into four generic fund types and three broad fund categories as follows:

GOVERNMENTAL FUNDS

General Fund - The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specific purposes.

PROPRIETARY FUNDS

Enterprise Funds - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The Township has elected not to use private-sector standards of accounting and financial reporting (FASB Statements) issued after December 1, 1989.

FIDUCIARY FUNDS

Trust and Agency Funds - Trust and Agency Funds are used to account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**RIGA TOWNSHIP
LENAWEE COUNTY, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. FIXED ASSETS AND LIABILITIES

The accounting and reporting treatment applied to the fixed assets and liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Public domain general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters; streets and sidewalks, drainage systems, and lighting systems, are not capitalized along with other general fixed assets. No depreciation has been provided on general fixed assets.

The account group is not a "fund". It is concerned only with the measurement of financial position. It is not involved with the measurement of results of operations.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated.

All proprietary funds are accounted for on a cost of service or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with its activity are included on its balance sheets. The reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against its operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight line method.

C. BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All Governmental Funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

**RIGA TOWNSHIP
LENAWEE COUNTY, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

All Proprietary Funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

D. INVESTMENTS

Investments are stated at cost or amortized cost, which approximates market.

E. INVENTORIES

Inventories of supplies are considered to be immaterial and are not recorded.

F. CASH AND CASH EQUIVALENTS

Cash and cash equivalents defined for the Statement of Cash Flows are demand deposits and short-term investments with maturities of less than three months.

G. PROPERTY TAXES

Properties are assessed as of December 31 and the tax levies are July 1 and December 1 of the following year. The tax levies of July 1 and December 1, 2003 are revenues in the Township's fiscal year ended March 31, 2004.

A lien on the property occurs when the taxes are levied. The taxes levied July 1 are payable by August 31 without penalty. The taxes levied December 1 are payable by February 14 without penalty.

Since the County through revolving funds obtains the delinquent real property taxes for the Township, the sixty (60) day rule does not apply to such delinquent taxes receivable.

H. ESTIMATES

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**RIGA TOWNSHIP
LENAWEE COUNTY, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. TOTAL COLUMNS ON COMBINED STATEMENTS - OVERVIEW

Total columns on the Combined Statements - Overview are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with U.S. generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

2. RIGA TOWNSHIP - REPORTING ENTITY

The Township of Riga is a noncharter township, governed by a Board of Trustees. As required by generally accepted accounting principles, these financial statements present Riga Township as a primary government. There are no component units to the Township.

3. RISK MANAGEMENT

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions, and employee injuries (workers' compensation). The Township has purchased insurance for property loss, torts, and workers' compensation claims. Settled claims relating to the insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

4. PROPERTY ASSETS - ENTERPRISE FUNDS

A breakdown of property assets in the Water and Sewer Funds is as follows:

| | <u>2004</u> | <u>2003</u> |
|--------------------------------|----------------------------|----------------------------|
| Water System | \$ 1,356,107 | \$ 1,356,107 |
| Sewer System | <u>2,201,673</u> | <u>2,201,673</u> |
| | 3,557,780 | 3,557,780 |
| Less: Accumulated depreciation | <u>(135,437)</u> | <u>(96,734)</u> |
| | <u>\$ 3,422,343</u> | <u>\$ 3,461,046</u> |

**RIGA TOWNSHIP
LENAWEE COUNTY, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

5. GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

| | <u>Balance</u> <u>April 1, 2003</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>March 31, 2004</u> |
|-----------------------------|--|------------------|------------------|---|
| Land and buildings | \$ 380,021 | \$ | \$ | \$ 380,021 |
| Fire vehicles and equipment | 584,233 | 3,952 | | 588,185 |
| Other equipment | <u>385,796</u> | | | <u>385,796</u> |
| Total | <u>\$ 1,350,050</u> | <u>\$ 3,952</u> | <u>\$ -</u> | <u>\$ 1,354,002</u> |

6. BUDGETS AND BUDGETARY ACCOUNTING

P.A. 621 of 1978, Section 18 (1), as amended, provides that a local unit of government shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Township's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. Budget appropriations lapse at end of fiscal year. The approved budgets of the Township for these budgetary funds were adopted at the function/activity level and adopted on a basis consisted with generally accepted accounting principles (GAAP).

No overall fund incurred expenditures in excess of budget.

7. INTERFUND RECEIVABLES AND PAYABLES

The amounts of interfund receivables and payables are as follows:

| <u>Fund</u> | <u>Interfund Receivable</u> | <u>Fund</u> | <u>Interfund Payable</u> |
|-----------------|-----------------------------|----------------|--------------------------|
| General | \$ 21,396 | General | \$ 2,464 |
| Special revenue | 2,464 | Enterprise | 23,826 |
| Enterprise | <u>3,300</u> | Trust & Agency | <u>870</u> |
| | <u>\$ 27,160</u> | | <u>\$ 27,160</u> |

**RIGA TOWNSHIP
LENAWEE COUNTY, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

8. WATER SUPPLY SYSTEM REVENUE BONDS, SERIES 1999 A.

On July 13, 1999, the Township issued \$677,000.00 of Water Supply System Revenue Bonds, Series 1999 A. The bonds were purchased by the United States Department of Agriculture. The bond proceeds are to be used to partially pay for the Township's water system. The bonds bear interest rate at the rate of 4.75% per annum. The bond principal and interest are to be repaid from the revenues of the Water Fund.

The Township is required to maintain a Bond and Interest Redemption Account with amounts sufficient to make the required principal and interest payments. The Township is also required to maintain a Bond Reserve Account with \$1,100.00 per fiscal quarter, until \$44,000.00 is accumulated. As of March 31, 2004, the Township had an outstanding balance of \$626,000 which is recorded as a liability in the Water Fund.

A schedule of projected bonds payments (including interest) is as follows:

| <p style="text-align: center;">RIGA TOWNSHIP \$677,000.00 WATER SUPPLY SYSTEM REVENUE BONDS SERIES 1999 A JULY 13, 1999 4.75%</p> | | | | | |
|---|-------------------------------------|--------------------------|-------------|-------------------------------------|--------------------------|
| <u>Year</u> | <u>Principal Due July 1</u> | <u>Total P&I</u> | <u>Year</u> | <u>Principal Due July 1</u> | <u>Total P&I</u> |
| 2005 | \$ 7,000 | \$ 38,374 | 2023 | \$ 17,000 | \$ 38,756 |
| 2006 | 8,000 | 39,042 | 2024 | 18,000 | 38,972 |
| 2007 | 8,000 | 38,686 | 2025 | 19,000 | 39,140 |
| 2008 | 8,000 | 38,306 | 2026 | 20,000 | 39,261 |
| 2009 | 9,000 | 38,926 | 2027 | 21,000 | 39,335 |
| 2010 | 9,000 | 38,522 | 2028 | 23,000 | 40,361 |
| 2011 | 10,000 | 39,094 | 2029 | 24,000 | 40,316 |
| 2012 | 11,000 | 39,643 | 2030 | 25,000 | 40,200 |
| 2013 | 11,000 | 39,144 | 2031 | 26,000 | 40,036 |
| 2014 | 12,000 | 39,621 | 2032 | 27,000 | 39,825 |
| 2015 | 12,000 | 39,075 | 2033 | 28,000 | 39,567 |
| 2016 | 13,000 | 39,505 | 2034 | 30,000 | 40,261 |
| 2017 | 13,000 | 38,911 | 2035 | 31,000 | 39,883 |
| 2018 | 14,000 | 39,294 | 2036 | 33,000 | 40,434 |
| 2019 | 15,000 | 39,653 | 2037 | 34,000 | 39,914 |
| 2020 | 15,000 | 38,964 | 2038 | 36,000 | 40,323 |
| 2021 | 16,000 | 39,252 | 2039 | 7,000 | 9,661 |
| 2022 | 16,000 | 38,516 | | | |
| | | | | <u>\$ 626,000</u> | <u>\$ 1,348,773</u> |

**RIGA TOWNSHIP
LENAWEE COUNTY, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

9. SANITARY SEWER SYSTEM REVENUE BONDS, SERIES 1999 A.

On July 13, 1999, the Township issued \$861,000.00 of Sanitary Sewer System Revenue Bonds, Series 1999 A. The bonds were purchased by the United States Department of Agriculture. The bond proceeds are to be used to partially pay for the Township's sewer system. The bonds bear interest rate at the rate of 4.75% per annum. The bond principal and interest are to be repaid from the revenues of the Sewer Fund.

The Township is required to maintain a Bond and Interest Redemption Account with amounts sufficient to make the required principal and interest payments. The Township is also required to maintain a Bond Reserve Account with \$1,250.00 per fiscal quarter, until \$50,000.00 is accumulated. As of March 31, 2004, the Township had an outstanding balance of \$713,000 which is recorded as a liability in the Sewer Fund.

A schedule of projected bonds payments (including interest) is as follows:

| <p style="text-align: center;">RIGA TOWNSHIP \$861,000.00 SANITARY SEWER SYSTEM REVENUE BONDS SERIES 1999 A JULY 13, 1999 4.75%</p> | | | | | |
|---|-------------------------------------|--------------------------|-------------|-------------------------------------|--------------------------|
| <u>Year</u> | <u>Principal Due July 1</u> | <u>Total P&I</u> | <u>Year</u> | <u>Principal Due July 1</u> | <u>Total P&I</u> |
| 2005 | \$ 10,000 | \$ 49,876 | 2021 | \$ 20,000 | \$ 49,403 |
| 2006 | 10,000 | 49,425 | 2022 | 21,000 | 49,453 |
| 2007 | 11,000 | 49,950 | 2023 | 22,000 | 49,479 |
| 2008 | 11,000 | 49,451 | 2024 | 24,000 | 50,458 |
| 2009 | 12,000 | 49,929 | 2025 | 25,000 | 50,366 |
| 2010 | 12,000 | 49,383 | 2026 | 26,000 | 50,202 |
| 2011 | 13,000 | 49,813 | 2027 | 27,000 | 49,990 |
| 2012 | 13,000 | 49,219 | 2028 | 28,000 | 49,731 |
| 2013 | 14,000 | 49,601 | 2029 | 30,000 | 50,425 |
| 2014 | 15,000 | 49,960 | 2030 | 31,000 | 50,048 |
| 2015 | 15,000 | 49,272 | 2031 | 33,000 | 50,599 |
| 2016 | 16,000 | 49,559 | 2032 | 34,000 | 50,079 |
| 2017 | 17,000 | 49,822 | 2033 | 36,000 | 50,488 |
| 2018 | 18,000 | 50,039 | 2034 | 37,000 | 49,825 |
| 2019 | 19,000 | 50,208 | 2035 | 39,000 | 50,091 |
| 2020 | 20,000 | 50,329 | 2036 | 41,000 | 50,286 |
| | | | 2037 | 13,000 | 20,386 |
| | | | | <u>\$ 713,000</u> | <u>\$ 1,617,145</u> |

**RIGA TOWNSHIP
LENAWEE COUNTY, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

10. SANITARY SEWER SYSTEM REVENUE BONDS, SERIES 1999 B.

On July 13, 1999, the Township issued \$375,000.00 of Sanitary Sewer System Revenue Bonds, Series 1999 B. The bonds were purchased by the United States Department of Agriculture. The bond proceeds are to be used to partially pay for the Township's sewer system. The bonds bear interest rate at the rate of 4.75% per annum. The bond principal and interest are to be repaid from the revenues of the Sewer Fund.

The Township is required to maintain a Bond and Interest Redemption Account with amounts sufficient to make the required principal and interest payments. The Township is also required to maintain a Bond Reserve Account with \$550.00 per fiscal quarter, until \$22,000.00 is accumulated. As of March 31, 2004, the Township had an outstanding balance of \$363,000 which is recorded as a liability in the Sewer Fund.

A schedule of projected bonds payments (including interest) is as follows:

| <p style="text-align: center;">RIGA TOWNSHIP \$375,000.00 SANITARY SEWER SYSTEM REVENUE BONDS SERIES 1999 B JULY 13, 1999 4.75%</p> | | | | | |
|---|-------------------------------------|---------------------------|-------------|-------------------------------------|--------------------------|
| <u>Year</u> | <u>Principal Due July 1</u> | <u>Total P& I</u> | <u>Year</u> | <u>Principal Due July 1</u> | <u>Total P&I</u> |
| 2005 | \$ 4,000 | \$ 21,337 | 2023 | \$ 10,000 | \$ 21,994 |
| 2006 | 4,000 | 21,147 | 2024 | 10,000 | 21,543 |
| 2007 | 5,000 | 21,957 | 2025 | 11,000 | 22,068 |
| 2008 | 5,000 | 21,744 | 2026 | 11,000 | 21,569 |
| 2009 | 5,000 | 21,507 | 2027 | 12,000 | 22,047 |
| 2010 | 5,000 | 21,269 | 2028 | 12,000 | 21,501 |
| 2011 | 6,000 | 22,031 | 2029 | 13,000 | 21,931 |
| 2012 | 6,000 | 21,770 | 2030 | 13,000 | 21,337 |
| 2013 | 6,000 | 21,485 | 2031 | 14,000 | 21,719 |
| 2014 | 6,000 | 21,200 | 2032 | 15,000 | 22,078 |
| 2015 | 7,000 | 21,915 | 2033 | 16,000 | 22,389 |
| 2016 | 7,000 | 21,606 | 2034 | 16,000 | 21,652 |
| 2017 | 7,000 | 21,274 | 2035 | 17,000 | 21,892 |
| 2018 | 8,000 | 21,942 | 2036 | 18,000 | 22,109 |
| 2019 | 8,000 | 21,586 | 2037 | 19,000 | 22,278 |
| 2020 | 8,000 | 21,206 | 2038 | 20,000 | 22,399 |
| 2021 | 9,000 | 21,826 | 2039 | 21,000 | 22,473 |
| 2022 | 9,000 | 21,422 | 2040 | | 499 |
| | | | | <u>\$ 363,000</u> | <u>\$ 761,702</u> |

**RIGA TOWNSHIP
LENAWEE COUNTY, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

11. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

| | <u>Water Fund</u> | <u>Sewer Fund</u> | <u>Total Enterprise Funds</u> |
|---------------------|-------------------|-------------------|-----------------------------------|
| Net fixed assets | \$ 1,307,837 | \$ 2,114,516 | \$ 3,422,353 |
| Contributed capital | \$ 640,431 | \$ 917,620 | \$ 1,558,051 |
| Retained earnings | \$ 80,481 | \$ 180,060 | \$ 260,541 |
| Operating revenues | \$ 65,873 | \$ 50,502 | \$ 116,375 |
| Operating loss | \$ 12,302 | \$ 27,412 | \$ 39,714 |
| Net income | \$ 11,589 | \$ 2,853 | \$ 14,442 |
| Total assets | \$ 1,356,906 | \$ 2,187,762 | \$ 3,544,668 |

12. CASH

DEPOSITS

At year end, the carrying value of the Township's deposits was \$606,081, and bank balance was \$607,571. \$500,000 of the bank balance was fully insured by federal depository insurance. At certain times of the year, when property taxes are being collected, the Township has uninsured and uncollateralized deposits; as a result, the amounts of uncollateralized deposits at those times can be substantially higher. All deposits are with banks located in Michigan. All deposits are in bank checking, money market, or certificate of deposit accounts, which are all authorized types of investments by the State of Michigan.

**RIGA TOWNSHIP
LENAWEE COUNTY, MICHIGAN**

COMBINING BALANCE SHEET – ALL SPECIAL REVENUE FUNDS

**March 31, 2004
With Comparative Totals for March 31, 2003**

| <u>ASSETS</u> | <u>Fire Operating</u> | <u>Road Improvement</u> |
|--|---------------------------|-----------------------------|
| Cash in bank | \$ 78,007 | \$ 100,087 |
| Taxes receivable | 2,416 | 4,833 |
| Due from other funds | | |
| Total assets | <u>\$ 80,423</u> | <u>\$ 104,920</u> |
| <u>LIABILITIES AND FUND BALANCE</u> | | |
| Liabilities: | | |
| Accounts payable | \$ 878 | \$ 4,622 |
| Deferred revenue | | |
| Total liabilities | 878 | 4,622 |
| Fund balance: | | |
| Unreserved: | | |
| Undesignated | <u>79,545</u> | <u>100,298</u> |
| Total liabilities and fund balance | <u>\$ 80,423</u> | <u>\$ 104,920</u> |

**RIGA TOWNSHIP
LENAWEE COUNTY, MICHIGAN**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
ALL SPECIAL REVENUE FUNDS**

**For the Year Ended March 31, 2004
With Comparative Totals for the Year Ended March 31, 2003**

| | <u>Fire Operating</u> | <u>Road Improvement</u> |
|---|----------------------------------|------------------------------------|
| Revenues: | | |
| Property taxes | \$ 51,509 | \$ 103,018 |
| State revenue sharing | | |
| Charges for services | 28,392 | |
| Interest | 603 | 519 |
| Donations | | |
| Miscellaneous | | <u>1,213</u> |
| Total revenues | <u>80,504</u> | <u>104,750</u> |
| Expenditures: | | |
| Liquor law enforcement | | |
| Fire protection | 80,636 | |
| Highways and streets | | 160,709 |
| Building Department | | |
| Total expenditures | <u>80,636</u> | <u>160,709</u> |
| Excess (deficiency) of revenues over (under) expenditures | (132) | (55,959) |
| Other financing sources: | | |
| Operating transfers in | | <u>25,000</u> |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures | (132) | (30,959) |
| Fund balances – beginning of year | <u>79,677</u> | <u>131,257</u> |
| Fund balances – end of year | <u>\$ 79,545</u> | <u>\$ 100,298</u> |

| <u>Liquor Law Enforcement</u> | <u>Building Department</u> | <u>Totals</u> <u>(Memorandum Only)</u> | |
|-----------------------------------|--------------------------------|---|-------------------|
| | | <u>2004</u> | <u>2003</u> |
| \$ 784 | \$ | \$ 154,527 | \$ 152,219 |
| | | 784 | 770 |
| | 10,696 | 39,088 | 44,324 |
| | | 1,122 | 1,980 |
| | | 1,213 | 48,275 |
| | | | 685 |
| <u>784</u> | <u>10,696</u> | <u>196,734</u> | <u>248,253</u> |
| 3,396 | | 3,396 | 2,924 |
| | | 80,636 | 117,219 |
| | | 160,709 | 75,861 |
| | <u>10,065</u> | <u>10,065</u> | <u>11,627</u> |
| <u>3,396</u> | <u>10,065</u> | <u>254,806</u> | <u>207,631</u> |
| (2,612) | 631 | (58,072) | 40,622 |
| <u>2,612</u> | | <u>27,612</u> | <u>2,154</u> |
| - | 631 | (30,460) | 42,776 |
| <u>-</u> | <u>1,082</u> | <u>212,016</u> | <u>169,240</u> |
| <u>\$ -</u> | <u>\$ 1,713</u> | <u>\$ 181,556</u> | <u>\$ 212,016</u> |

**RIGA TOWNSHIP
LENAWEE COUNTY, MICHIGAN**

COMBINING BALANCE SHEET - ALL ENTERPRISE FUNDS

**March 31, 2004
With Comparative Totals for March 31, 2003**

| | <u>ENTERPRISE FUNDS</u> | |
|---|--------------------------------|----------------------------|
| <u>ASSETS</u> | <u>Water</u> | <u>Sewer</u> |
| Current assets: | | |
| Cash | \$ 12,649 | \$ 18,559 |
| Accounts receivable | 4,176 | 4,594 |
| Due from other funds | <u>3,300</u> | <u></u> |
| Total current assets | <u>20,125</u> | <u>23,153</u> |
| Restricted assets: | | |
| Cash – bond and interest redemption | 11,344 | 21,303 |
| Cash – bond reserve | <u>17,600</u> | <u>28,800</u> |
| Total restricted assets | <u>28,944</u> | <u>50,103</u> |
| Fixed assets: | | |
| Water system | 1,346,107 | |
| Equipment | 10,000 | |
| Sewer system | | 2,008,873 |
| Pump stations | | 192,800 |
| Accumulated depreciation | <u>(48,270)</u> | <u>(87,167)</u> |
| Total fixed assets | <u>1,307,837</u> | <u>2,114,506</u> |
| Total assets | <u>\$ 1,356,906</u> | <u>\$ 2,187,762</u> |
| <u>LIABILITIES AND FUND EQUITY</u> | | |
| Current liabilities: | | |
| Accounts payable | \$ | \$ 250 |
| Due to other funds | 9,994 | 13,832 |
| Bonds payable – current | <u>7,000</u> | <u>14,000</u> |
| Total current liabilities | 16,994 | 28,082 |
| Long term liabilities: | | |
| Bonds payable – noncurrent | <u>619,000</u> | <u>1,062,000</u> |
| Total liabilities | <u>635,994</u> | <u>1,090,082</u> |
| Fund equity: | | |
| Contributed capital | 640,431 | 917,620 |
| Retained earnings: | | |
| Restricted | 28,944 | 50,103 |
| Unrestricted | <u>51,537</u> | <u>129,957</u> |
| Total fund equity | <u>720,912</u> | <u>1,097,680</u> |
| Total liabilities and fund equity | <u>\$ 1,356,906</u> | <u>\$ 2,187,762</u> |

TOTALS
(Memorandum Only)

| <u>2004</u> | <u>2003</u> |
|---------------------|---------------------|
| \$ 31,208 | \$ 26,657 |
| 8,770 | 7,077 |
| <u>3,300</u> | <u> </u> |
| <u>43,278</u> | <u>33,734</u> |
| 32,647 | 28,436 |
| <u>46,400</u> | <u>34,800</u> |
| <u>79,047</u> | <u>63,236</u> |
| 1,346,107 | 1,346,107 |
| 10,000 | 10,000 |
| 2,008,873 | 2,008,873 |
| 192,800 | 192,800 |
| <u>(135,437)</u> | <u>(96,734)</u> |
| <u>3,422,343</u> | <u>3,461,046</u> |
| <u>\$ 3,544,668</u> | <u>\$ 3,558,016</u> |
| | |
| \$ 250 | \$ |
| 23,826 | 20,866 |
| <u>21,000</u> | <u>20,000</u> |
| 45,076 | 40,866 |
| <u>1,681,000</u> | <u>1,713,000</u> |
| <u>1,726,076</u> | <u>1,753,866</u> |
| 1,558,051 | 1,576,592 |
| 79,047 | 63,236 |
| <u>181,494</u> | <u>164,322</u> |
| <u>1,818,592</u> | <u>1,804,150</u> |
| <u>\$ 3,544,668</u> | <u>\$ 3,558,016</u> |

RIGA TOWNSHIP
LENAWEE COUNTY, MICHIGAN

CURRENT TAX COLLECTION FUND

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

For the Year Ended March 31, 2004

| | <u>Balance</u> <u>April 1, 2003</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>March 31, 2004</u> |
|---------------------------|--|---------------------|---------------------|---|
| <u>ASSETS</u> | | | | |
| Cash in bank | <u>\$ 1,009</u> | <u>\$ 1,130,025</u> | <u>\$ 1,128,407</u> | <u>\$ 2,627</u> |
| | | | | |
| <u>LIABILITIES</u> | | | | |
| Due to other funds | <u>\$ 1,009</u> | <u>\$ 192,333</u> | <u>\$ 192,472</u> | <u>\$ 870</u> |
| Due to other taxing units | | <u>937,692</u> | <u>935,935</u> | <u>1,757</u> |
| | | | | |
| Total liabilities | <u>\$ 1,009</u> | <u>\$ 1,130,025</u> | <u>\$ 1,128,407</u> | <u>\$ 2,627</u> |

**RIGA TOWNSHIP
LENAWEE COUNTY, MICHIGAN**

**GENERAL FUND
STATEMENT OF EXPENDITURES – ACTUAL**

**For the Year Ended March 31, 2004
With Comparative Totals for the Year Ended March 31, 2003**

| | <u>2004</u> | <u>2003</u> |
|------------------------------|-----------------------|-----------------------|
| Administration: | | |
| Supervisor salary | \$ 10,000 | \$ 10,000 |
| Assessor salary | 8,813 | 8,980 |
| Clerk salary | 10,000 | 10,000 |
| Treasurer salary | 10,000 | 10,000 |
| Trustees' salary | 4,800 | 4,800 |
| Insurance | 15,931 | 10,645 |
| Office supplies | 5,827 | 6,594 |
| Telephone | 1,049 | 1,006 |
| Printing and publishing | 1,635 | 1,072 |
| Social security | 3,602 | 3,822 |
| Professional services | 22,027 | 30,513 |
| Miscellaneous | <u>2,715</u> | <u>4,511</u> |
| | <u>96,399</u> | <u>101,943</u> |
| Building and Grounds: | | |
| Custodial salary | 3,671 | 3,458 |
| Heat and electricity | 5,149 | 4,539 |
| Water and Sewer | 2,365 | 2,112 |
| Other services | 2,484 | 2,347 |
| Repairs and maintenance | 268 | 1,661 |
| Supplies | 953 | 555 |
| Social security | 249 | 249 |
| Capital outlay | <u>2,375</u> | <u>447</u> |
| | <u>17,514</u> | <u>15,368</u> |
| Cemetery: | | |
| Sexton salary | 8,892 | 11,325 |
| Electricity | 86 | 96 |
| Other services | 2,783 | 1,933 |
| Operating supplies | 500 | 580 |
| Repairs and maintenance | 888 | 931 |
| Social security | <u>655</u> | <u>796</u> |
| | <u>13,804</u> | <u>15,661</u> |
| Park: | | |
| Repairs and maintenance | 2,779 | 1,922 |
| Capital outlay | <u> </u> | <u>1,013</u> |
| | <u>2,779</u> | <u>2,935</u> |
| Total carried forward | <u>\$ 130,496</u> | <u>\$ 135,907</u> |

**RIGA TOWNSHIP
LENAWEE COUNTY, MICHIGAN**

**GENERAL FUND
STATEMENT OF EXPENDITURES – ACTUAL**

**For the Year Ended March 31, 2004
With Comparative Totals for the Year Ended March 31, 2003**

| | <u>2004</u> | <u>2003</u> |
|-----------------------|-------------------|-------------------|
| Total carried forward | \$ 130,496 | \$ 135,907 |
| Miscellaneous: | | |
| Street lighting | 3,618 | 3,551 |
| Board of Review | 675 | 675 |
| Drains at large | 5,199 | 4,459 |
| Zoning Board | 3,181 | 4,536 |
| Sanitation | 13,869 | 20,925 |
| Bulk water | 15,606 | 12,155 |
| Elections | <u> </u> | <u>1,481</u> |
| | <u>42,148</u> | <u>47,782</u> |
| Total expenditures | <u>\$ 172,644</u> | <u>\$ 183,689</u> |